



U.S. REPRESENTATIVE TODD ROKITA

***Your Freedom, Your Family, Your
Future***

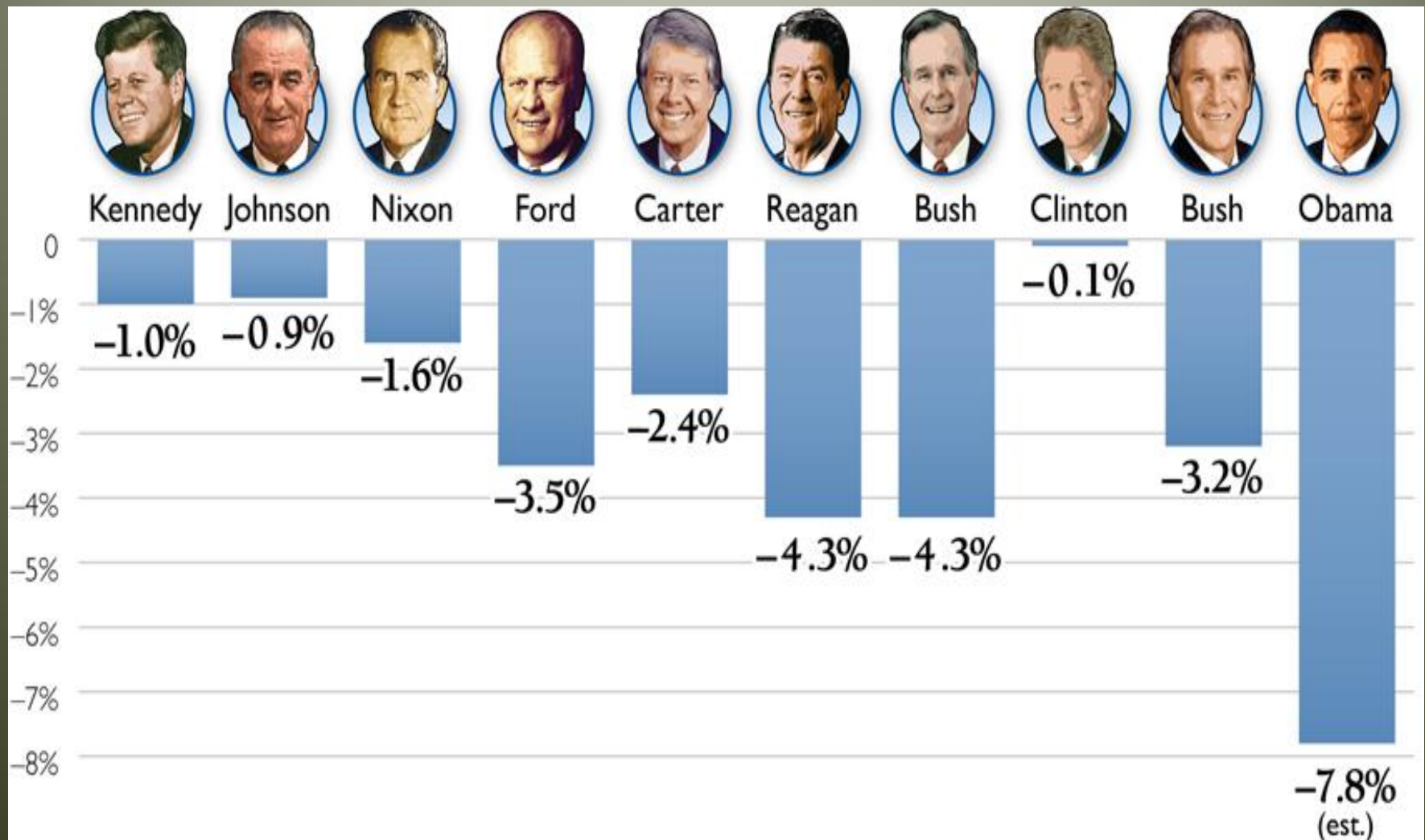
Imagine A Company



- ... With NEGATIVE cash flow for the past 9 years – and the majority of the last 50 before that
- ...NEGATIVE Net Worth for as long as anyone can remember
- ... Needs 20 years of income to pay off its existing debts
- Would You Invest?



Budget Deficits as a Percentage of GDP, by Administration

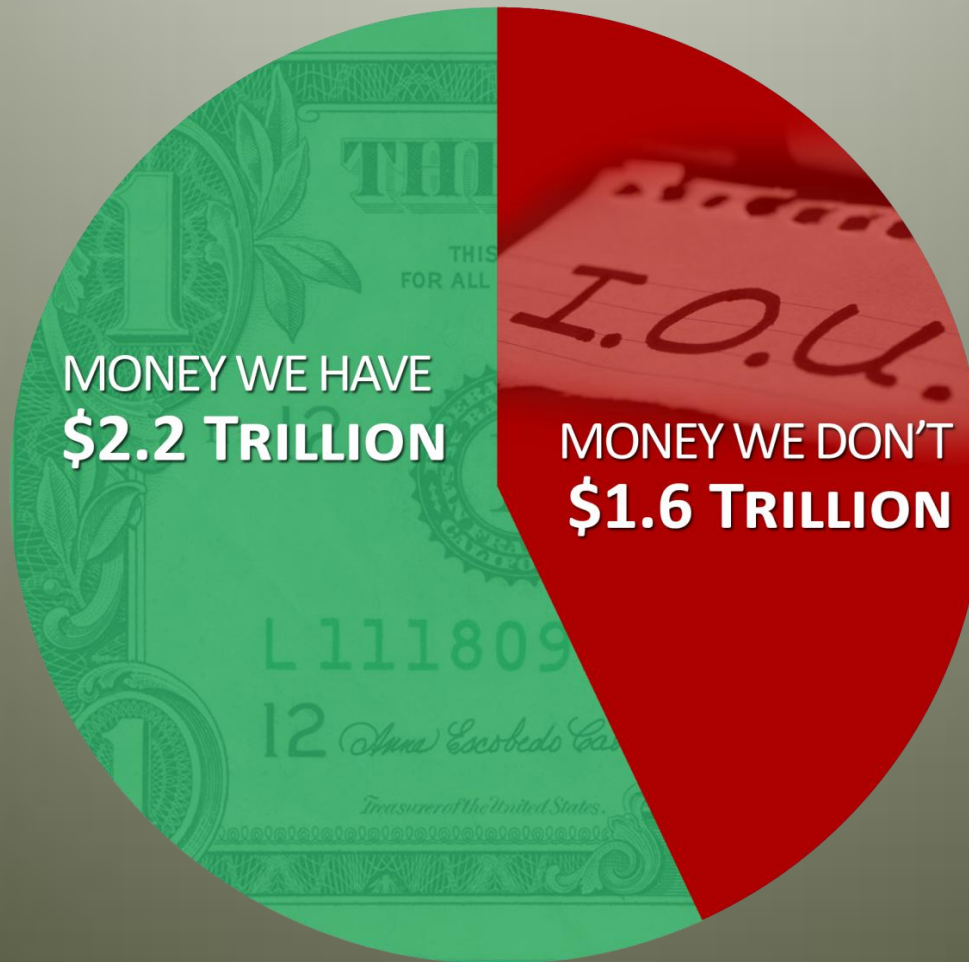


“Debt Day”

A 2011 calendar grid showing months from January to December. The year "2011" is in the top right corner. Each month is represented by a small table with days of the week (S, M, T, W, T, F, S) and dates. The calendar is tilted slightly to the right. The months shown are January, February, March, April, May, June, July, August, September, October, November, and December. The days of the week are abbreviated as S, M, T, W, T, F, S. The dates are numbered 1 through 31. The calendar is tilted slightly to the right.

All spending after July 27 of
this year is borrowed spending.

THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 42 CENTS OF EVERY DOLLAR IT SPENDS



Source: Office of Management and Budget, President's
Budget FY 2012

We've borrowed and have held debt in the past.....why is it a problem now???



The federal government use to issue bonds and borrow from our citizens



World War II cost the US \$296 billion. During the war, 85 million Americans purchased bonds totaling approximately \$186 billion (funding 62% of total cost)

America's Foreign Debt Reality

WHO OWNS OUR DEBT ?

FOREIGN HOLDINGS: 47%

FOREIGN HOLDINGS: 19%

FOREIGN HOLDINGS: 5%



1970

DEBT HELD BY PUBLIC:
\$283 BILLION

1990

DEBT HELD BY PUBLIC:
\$2.4 TRILLION

2010

DEBT HELD BY PUBLIC:
\$8.4 TRILLION

With the interest we pay to China on our debt, China can afford to buy 3 new Joint Strike Fighters every week – with \$50 million/week left over.



If Your Family Spent Like the Federal Government, What Would It Look Like?

Just drop 8 zeroes off the federal budget or divide federal spending by 100 million American households:

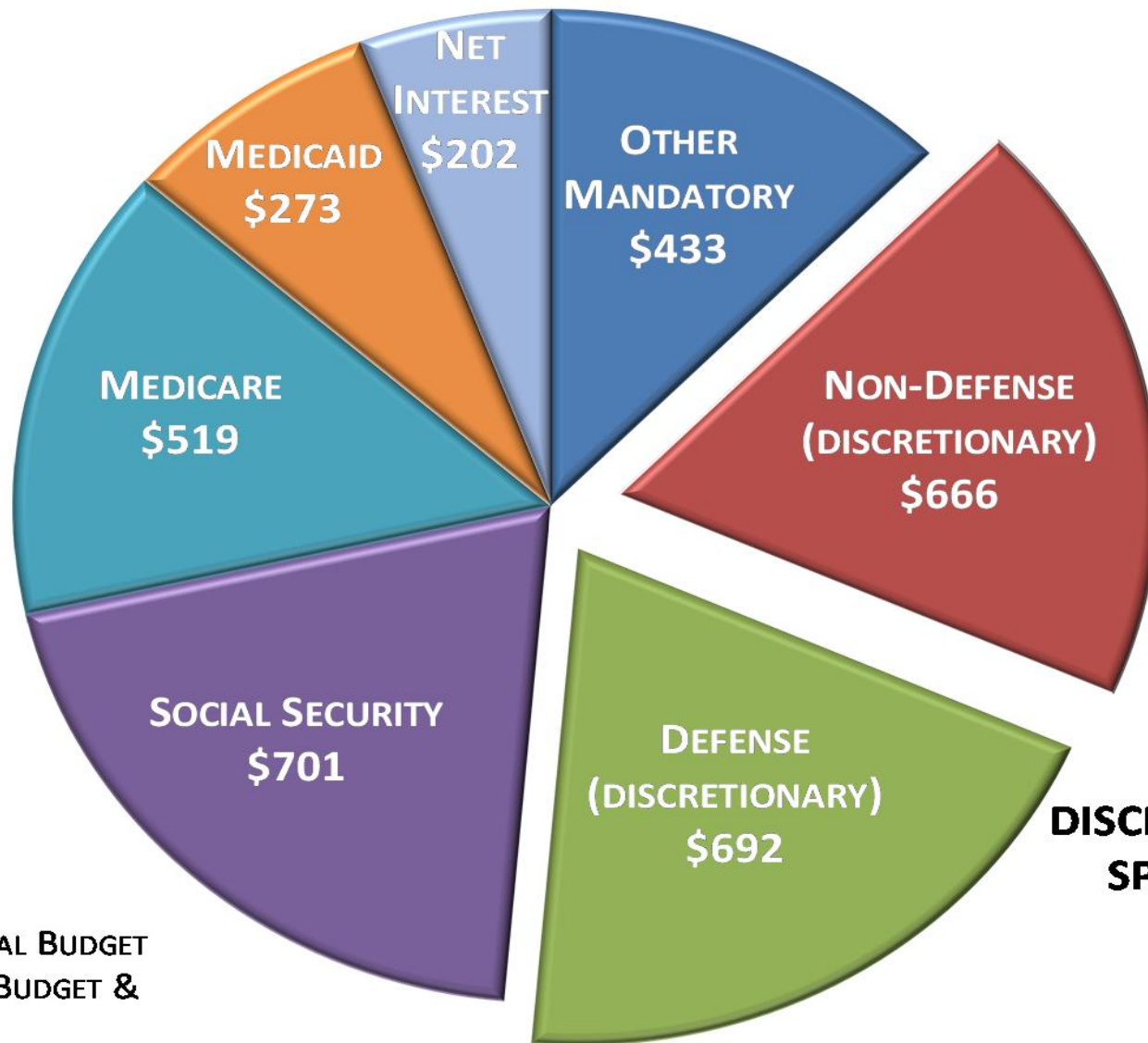
- Annual Family Income: \$22,280
- Annual Family Spending: \$37,080
- New Annual Debt on the Credit Card: \$14,800
- Total Annual Budget Cuts: \$3.52
- Outstanding Credit Card Balance: \$145,840
- Future Purchases on Credit Card: \$1,000,000!

If your family was DROWNING in debt, would reducing spending by \$3.52 actually make a difference?

TOTAL SPENDING IN FY 2010 = \$3.5 TRILLION

(OUTLAYS IN BILLIONS OF DOLLARS)

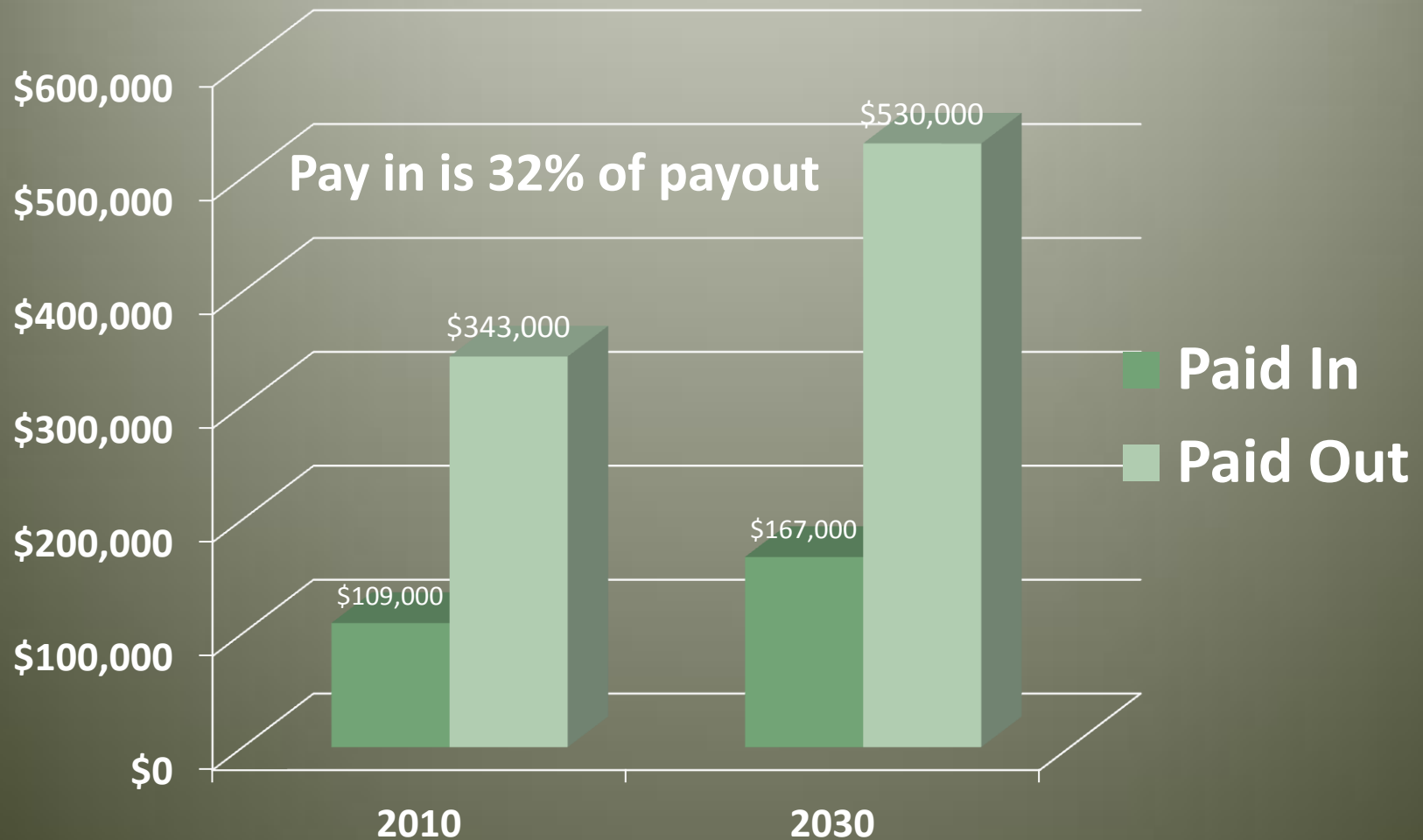
MANDATORY SPENDING



DISCRETIONARY SPENDING

SOURCE: CONGRESSIONAL BUDGET
OFFICE AUGUST 2010 BUDGET &
ECONOMIC OUTLOOK

Example of the Problem: Medicare Paid In vs. Paid Out for Average Couple

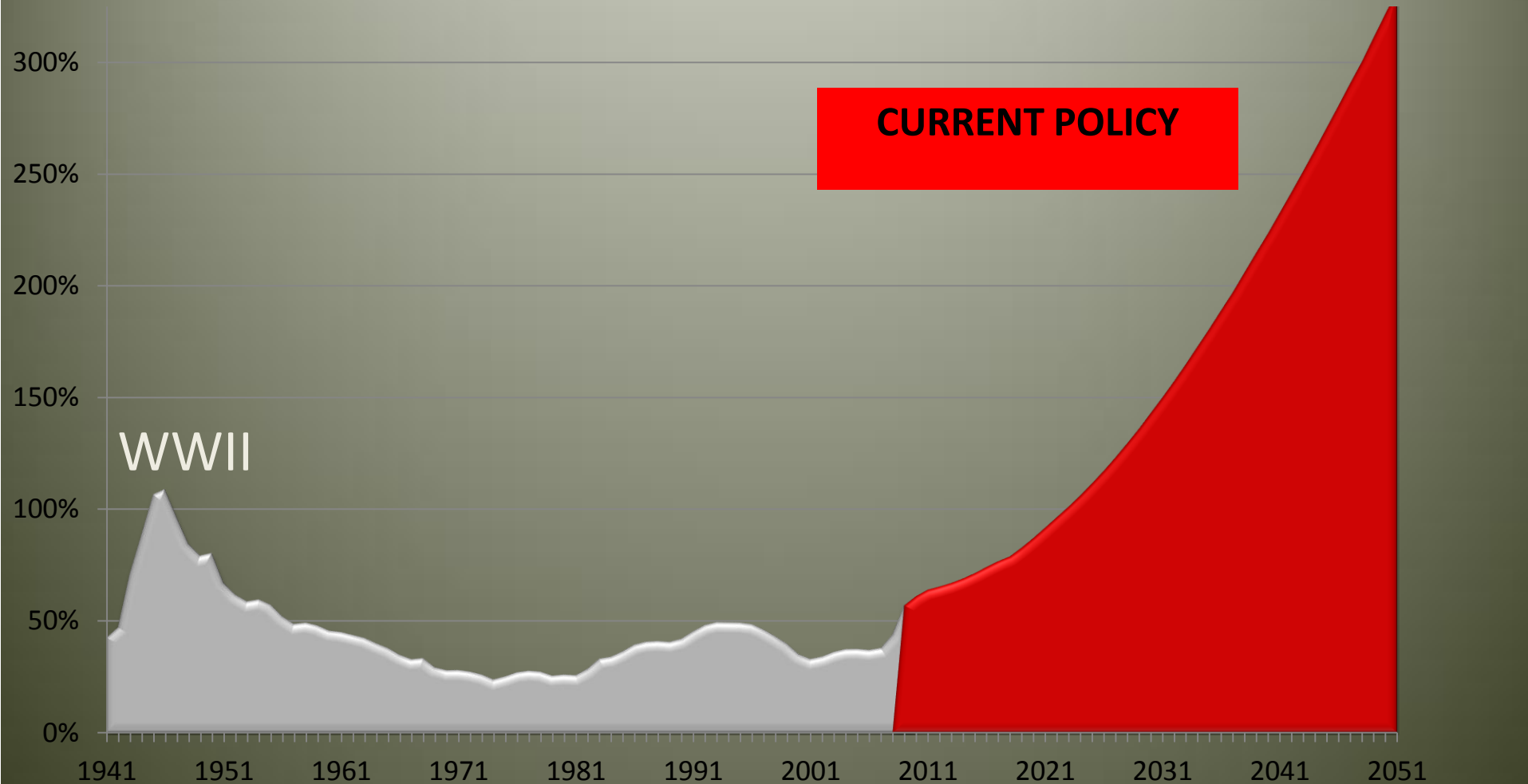


Couple making combined \$86,000/year
on average over a lifetime

Source: The Urban Institute: Medicare Taxes and
Benefits Over a Lifetime Jan. 2011

TIDAL WAVE OF DEBT

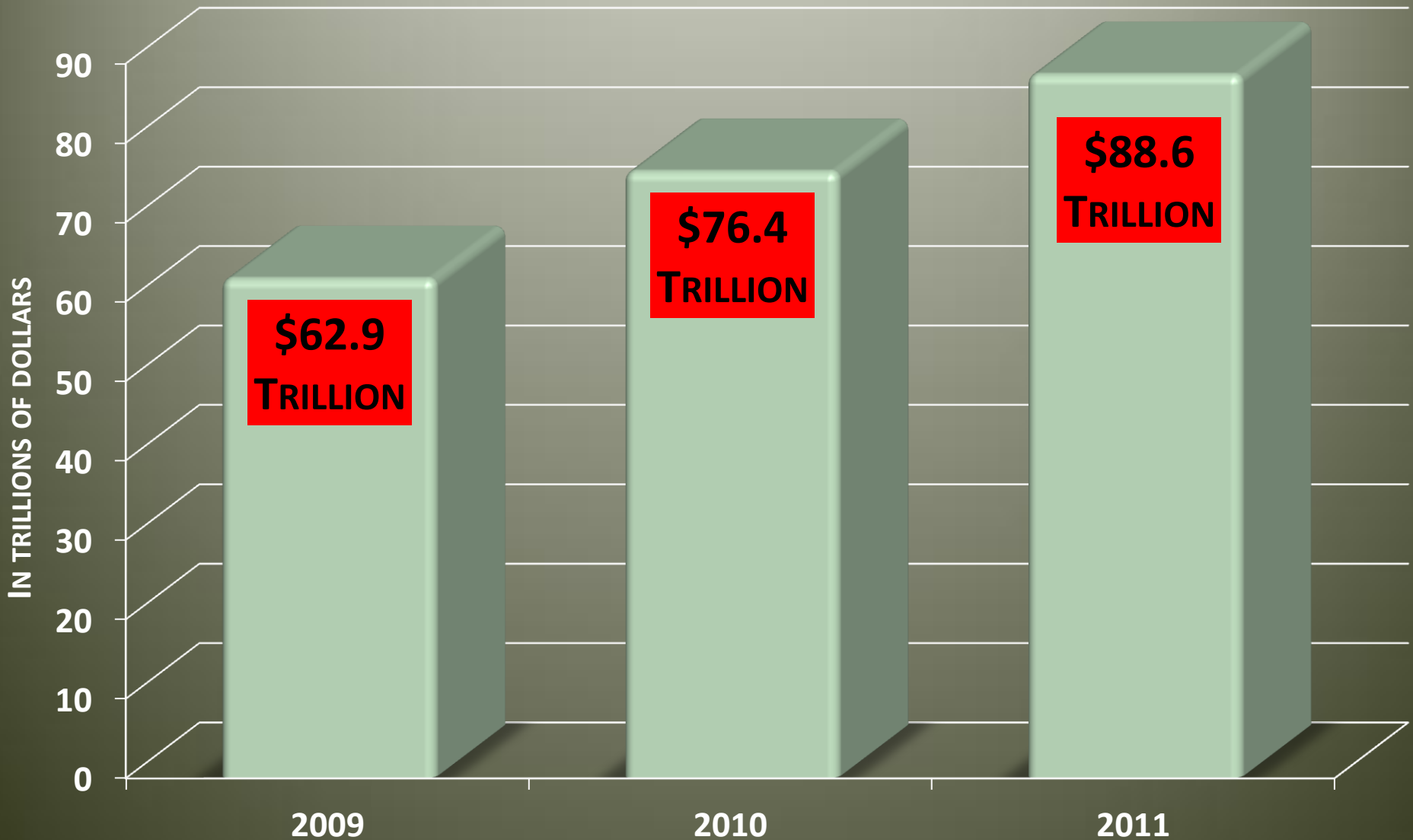
DEBT HELD BY PUBLIC AS SHARE OF ECONOMY



Source: Congressional Budget Office, Office of Management and Budget

THE COST OF WAITING – THE FISCAL GAP

UNFUNDED PROMISES IN TRILLIONS OF DOLLARS



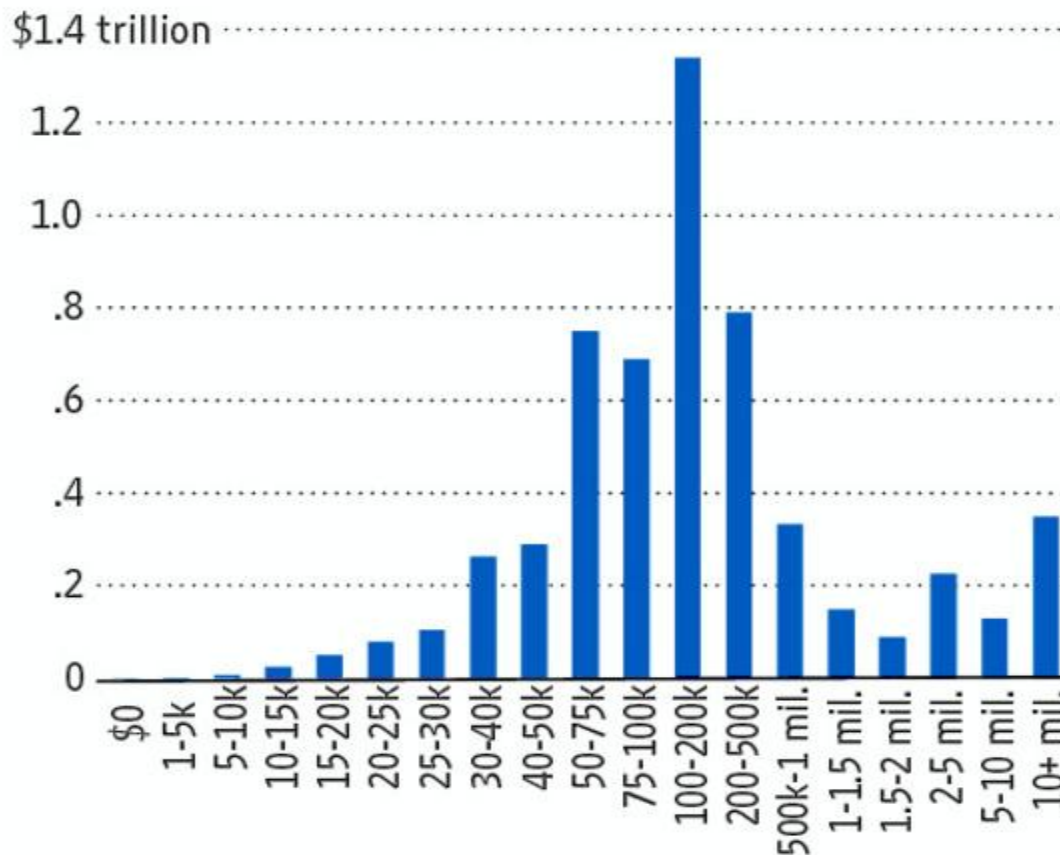
False Solution #1: The Debt Deal

- The so-called Budget Control Act passed by Congress did not solve the problem.
- This bill does not attack the root cause of our debt crisis, which is spending.
- Over the next decade it adds \$7 trillion to the national debt.

FALSE SOLUTION #2

The Middle Class Tax Target

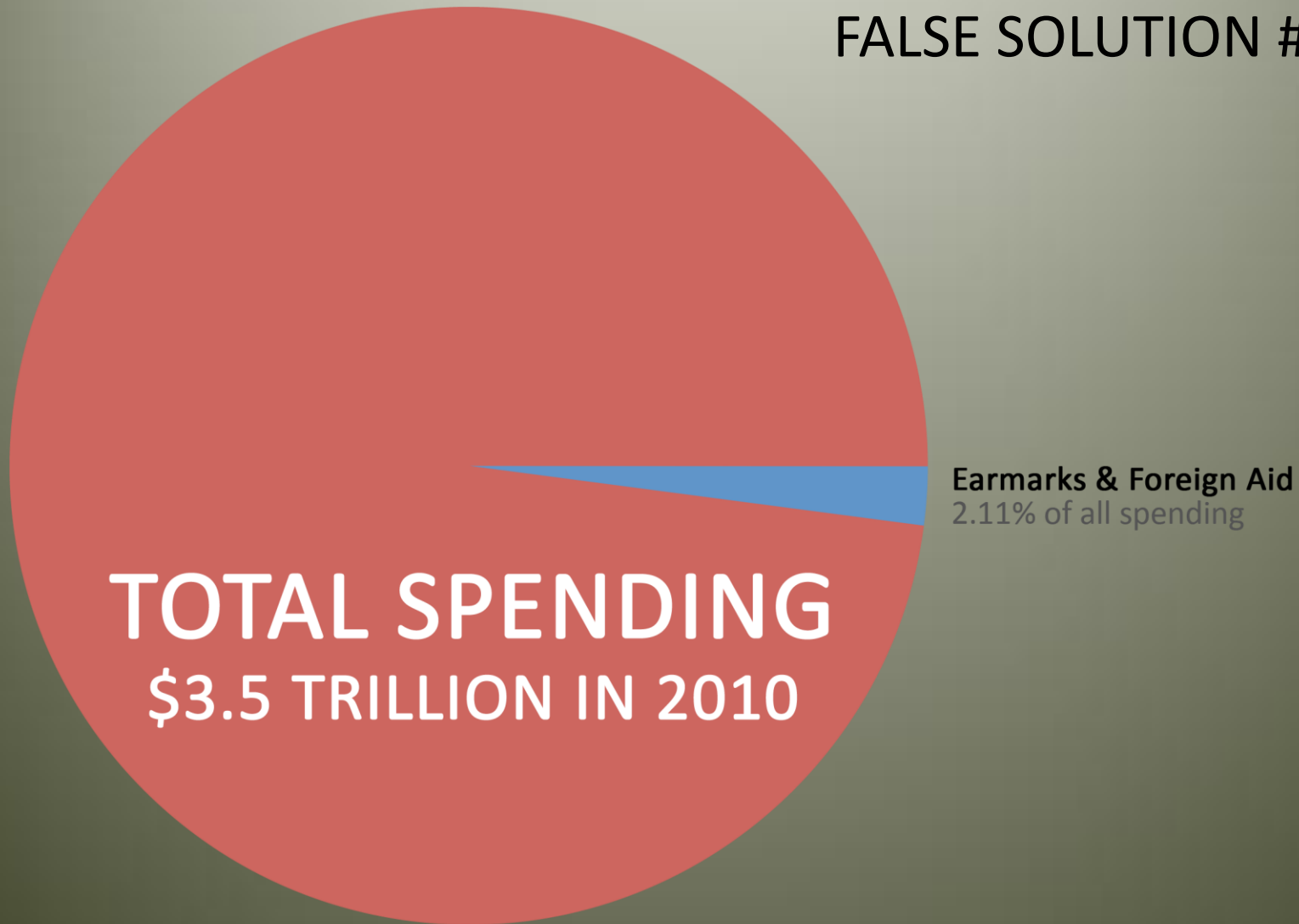
The amount of total taxable income (left scale) for all filers by adjusted gross income level for 2008



Source: IRS

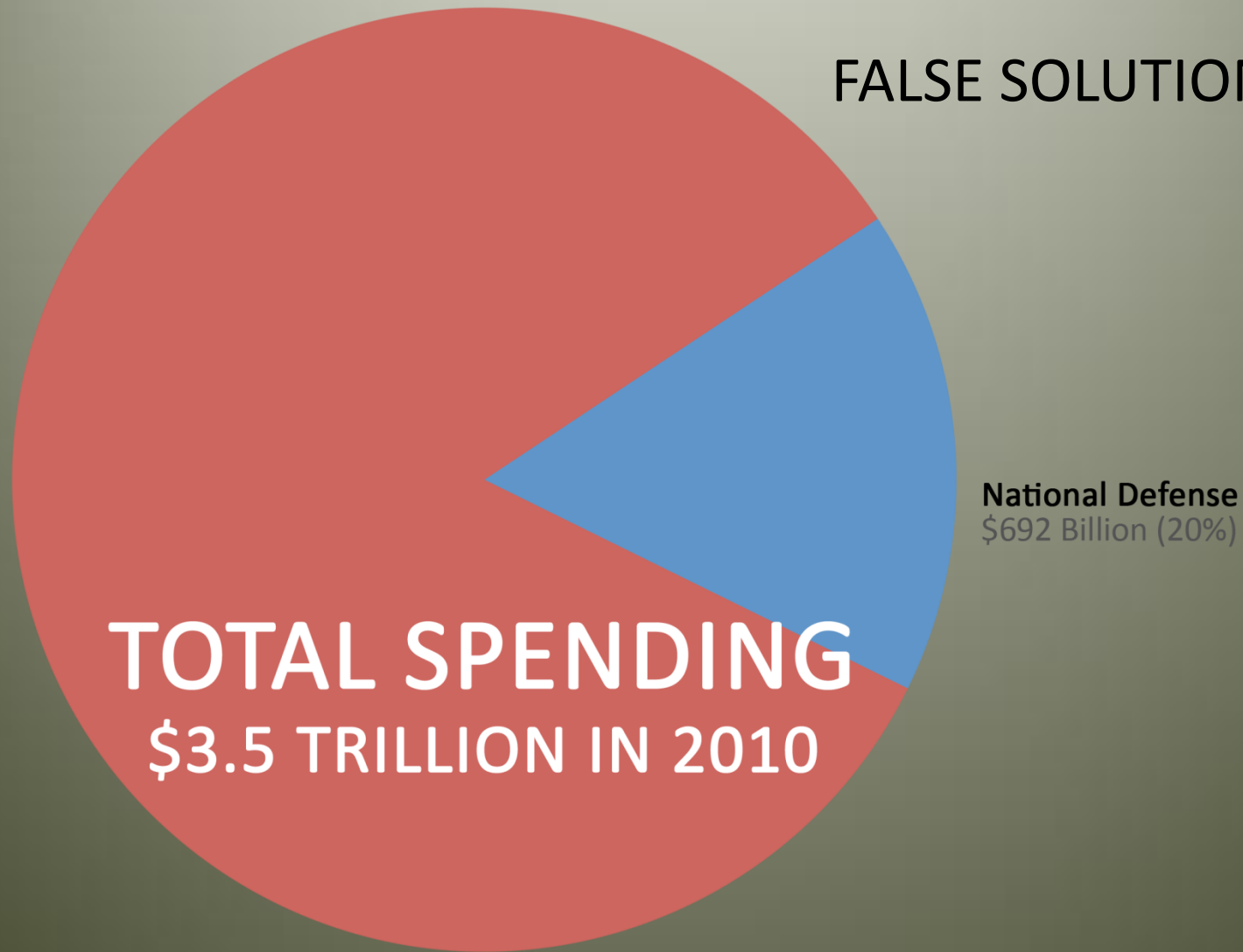
WHAT IF WE JUST CUT EARMARKS & FOREIGN AID?

FALSE SOLUTION # 3



WHAT IF WE CUT ALL DEFENSE SPENDING?

FALSE SOLUTION # 4



Solutions that Work

Medicare:

Transfer from a defined benefit, fee-for-service structure to a defined contribution structure, and require an aggressive means test. It offers: CHOICE, COMPETITION, PATIENT CONTROL, FREE MARKET PRINCIPLES, LOWER COSTS, NO CHANGES FOR CURRENT BENEFICIARIES

Social Security:

Index the normal age retirement (NRA) to longevity standards, and require an aggressive means test. It offers: COMMON SENSE APPROACH, GRADUAL INCREASE, SOLVE LONG TERM SHORTFALL

Grow the Economy:

Tax reform, deregulation and abundant, affordable energy



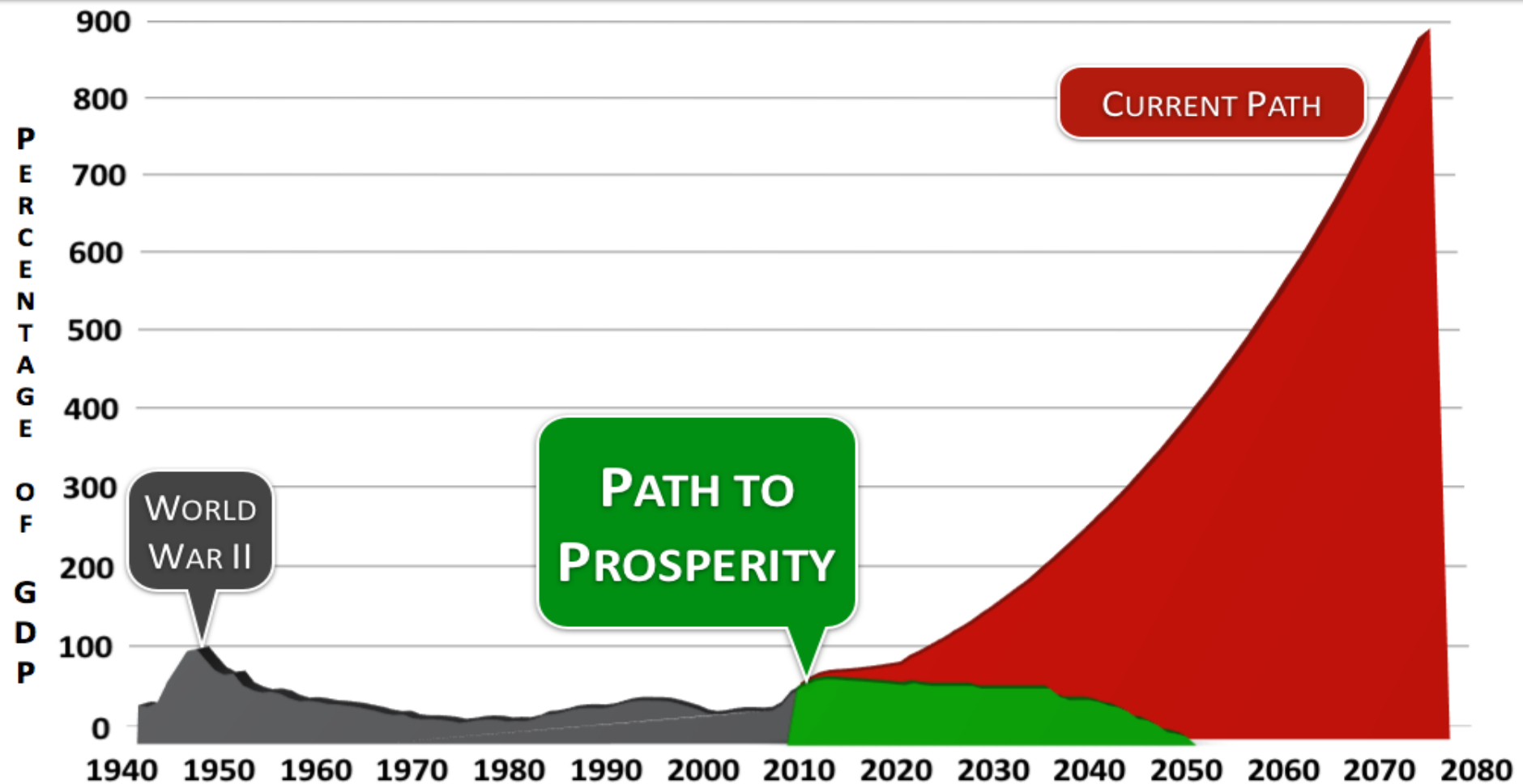
Best Solution: A Balanced Budget Amendment

- 49 of 50 states have Balanced Budget Amendments . It is commonsense.
- A balanced budget amendment would force us to live within our means and make tough decisions including the entitlement reforms just discussed.



A CHOICE OF TWO FUTURES

(DEBT AS A SHARE OF THE ECONOMY)



SOURCE: OMB/CBO